

BLANK ROME LLP
Attorneys for Defendants
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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MACSTEEL INTERNATIONAL USA CORP.,

Plaintiff,

08 CIV 6508 (DC)

- against -

M/V "LARCH ARROW", her engines, boilers,
etc., STADT SOLINGEN, GEARBULK,
GEARBULK HOLDING LIMITED and
GEARBULK (UK) LTD.,

Defendants.

**ANSWER UNDER ADMIRALTY RULE E(7) OF
SUPPLEMENTAL RULES FOR ADMIRALTY OR
MARITIME CLAIMS AND ASSET FORFEITURE CLAIMS
OF THE FEDERAL RULES OF CIVIL PROCEDURE**

Defendants M/V "LARCH ARROW", her engines, boilers, *etc.*, GEARBULK, GEARBULK HOLDING LIMITED and GEARBULK (UK) LTD. ("Defendants") answer the verified Rule B complaint dated July 21, 2008 ("Complaint") of MACSTEEL INTERNATIONAL USA CORP. ("Plaintiff") and state as follows upon information and belief:

1. Admit the allegations in Paragraph 1 of the Complaint.

2. Deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 2 of the Complaint.

3. Admit the allegations in Paragraph 3 of the Complaint as to themselves except deny that the Vessel is now or will be within the Court's *in rem* jurisdiction.

4. Deny the allegations in Paragraph 4 of the Complaint.

5. Deny the allegations in Paragraph 5 of the Complaint.

6. Deny the allegations in Paragraph 6 of the Complaint.

7. Deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 7 of the Complaint.

8. Deny the allegations in Paragraph 8 of the Complaint.

9. Deny the allegations in Paragraph 9 of the Complaint.

AFFIRMATIVE DEFENSES

FIRST

1. The Court lacks personal jurisdiction over Defendants which is specifically not waived by an appearance herein pursuant to Supplemental Rule E(8) and also lacks subject matter or admiralty jurisdiction.

SECOND

2. The Complaint fails to state a cause of action upon which relief may be granted.

THIRD

3. The Complaint must be stayed or dismissed under 9 U.S.C. § 1 et seq. and §§ 201, et seq. in favor of the Arbitration or be submitted for adjudication in London, England based on the chosen forum selection in the Charter and/or bills of lading.

FOURTH

4. Plaintiff is not the real party in interest and lacks standing to bring this claim against Basic.

FIFTH

5. The alleged claim is barred by applicable statutes of limitations.

SIXTH

6. The alleged claim is barred by operation of law.

SEVENTH

7. The alleged claim is barred by laches.

EIGHTH

8. Plaintiff has failed to include or join indispensable parties to this action.

NINTH

9. If plaintiff suffered any loss or damage as alleged, which is denied, it was caused by or contributed to by an act or omission by the plaintiff and/or other third-parties, and not by Basic.

TENTH

10. Plaintiff failed to properly mitigate their alleged damages.

ELEVENTH

11. Service of the Complaint was improper and insufficient.


WHEREFORE, Defendants respectfully request that:

- (a) The Complaint be dismissed;
- (b) Defendants be awarded their attorneys fees and all costs incurred in connection with this action; and
- (d) the Court award Defendants such further and other relief as may be just.

Date: New York, New York
September 3, 2008

Respectfully submitted,

BLANK ROME LLP

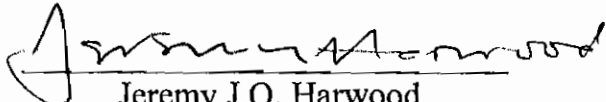
By: 
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Attorneys for Defendants

VERIFICATION

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

Jeremy J.O. Harwood, being duly sworn, deposes and says:

1. I am a member of the bar of this Honorable Court and of the firm of Blank Rome LLP, attorneys for Defendants.
2. I have read the foregoing Answer and I believe the contents thereof are true.
3. The reason this Verification is made by deponent and not by Defendants is that Defendants are foreign corporations, no officer or director of which is within this jurisdiction.
4. The sources of my information and belief are documents provided to me and statements made to me by representatives of Defendants.


Jeremy J.O. Harwood

Sworn to before me this
3rd day of September, 2008


Notary Public

KARL V. REDA
Notary Public, State of New York
No. 30-4783126, Qual. in Nassau Cty.
Certificate Filed in New York County
Commission Expires

Nov 30, 2009